

STATE OF MONTANA TAX INCENTIVES FOR BIOMASS UTILIZATION

Tax Credits:

Tax credit for installing a low-emission wood or biomass combustion device.

Resident individuals may claim an income tax credit of up to \$500 for installing a low-emission wood or biomass combustion devices for energy generation or heating, in their principal residence. (15-32-201 (2) MCA)

Property tax exemption for buildings using renewable energy. Certain amounts (\$20,000 for a single-family residential dwelling or \$100,000 for all other structures) of the assessed value of non-fossil forms of energy generation equipment or low-emission wood or biomass combustors are exempt from property taxes for 10 years following installation. (15-6-224 MCA)

Tax credit for energy-conserving expenditures. A resident individual taxpayer may take a credit against the taxpayer's tax liability under chapter 30 for 25% of the taxpayer's expenditure for a capital investment in the physical attributes of a building or the installation of a water, heating, or cooling system in the building, so long as either type of investment is for an energy conservation purpose, in an amount not to exceed \$500. (15-32-109 MCA)

Property tax exemption for renewable generating facilities under 1 MW. Machinery and equipment used in a generation facility with nameplate capacity of less than 1 MW of electrical energy and using an alternative renewable energy source (including biomass) are exempt from property taxes for 5 years after start of operation. (15-6-225 MCA)

Credit for investment in commercial or net metering alternative energy system (including conversion of biomass). Commercial and net metering alternative energy investments of \$5,000 or more are eligible for up to 35 % tax credit against individual or corporate tax on income generated by the investment. The credit may only be taken against net income produced by the eligible equipment or by associated new business activity, that is, it must be a commercial operation. Associated facilities, manufacturing plants producing the alternative energy equipment and industries using the energy generated may use the tax credit. (15-32-402 MCA)

Credit for investment in property used to collect or process reclaimable material or to manufacture a product from reclaimed material. This could be used to cover costs associated with chippers, grinders, storage bins, pneumatic delivery systems, and possibly chip vans and roll-off containers. Credit is for 5-25% off investment costs of \$250,000-\$1 million. (15-32-603 MCA)

Tax credit for new or expanding industries that produce energy using an alternative renewable energy source (including conversion of biomass). Eligible businesses can receive a tax credit against corporate income tax. Essentially, in the first year they are to

be taxed at 50% of their taxable value. Each year thereafter, the percentage is increased by equal percentages until the full taxable value is attained in the 10th year, when it will then be taxed at 100% of its taxable value thereafter. This credit requires that the governing body of the affected county/city approve the use of the tax benefit by separate resolution. (15-24-1402 MCA).

Deductions:

Deduction for purchase of recycled material. Taxpayer may deduct an additional 10% of their business expenditures for the purchase of recycled material (includes wood chips). (15-32-610 MCA)